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MANAGING INVESTMENTS IN THE DIGITAL ECONOMY: THE CASE OF UZBEKISTAN

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Abstract

This paper examines the mechanisms of investment management under conditions of the digital economy, using the Republic of Uzbekistan as a detailed case study. The research investigates how national digital transformation strategies—particularly the "Digital Uzbekistan 2030" program, the development of IT parks, regulatory sandboxes for investment platforms, and the expanding application of artificial intelligence—affect the attraction, allocation, and efficiency of investment. Drawing on official statistics for the period 2024–2026, the study documents substantial growth in fixed capital investment and a rapid expansion of IT services exports. The findings demonstrate that digital infrastructure, institutional reforms, and fintech innovations constitute key drivers of improved investment management. At the same time, the analysis identifies persistent challenges related to policy coordination, limited use of advanced analytics in investment appraisal, and uneven digital skills. The paper formulates priority directions for enhancing investment governance in the digital era and contributes to the broader academic and policy discourse on digital economy and investment policy in emerging markets.

Keywords: digital economy, investment management, Uzbekistan, digital transformation, IT park, regulatory sandbox, foreign direct investment, fintech, artificial intelligence, emerging markets.

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1. Introduction

The accelerating digitalization of economic systems worldwide has fundamentally altered the processes of capital allocation, risk assessment, project monitoring, and investment decision-making. Traditional investment management models, which relied heavily on periodic reporting, hierarchical appraisal procedures, and limited real-time data, are increasingly being supplemented—and in many cases transformed—by data-driven approaches, artificial intelligence (AI), blockchain-based platforms, and continuous analytics. For emerging economies, the digital economy presents a dual opportunity: the possibility of leapfrogging certain stages of institutional and technological development, and the simultaneous challenge of building adequate infrastructure, regulatory capacity, and human capital.

Uzbekistan has pursued an ambitious digital transformation agenda since the adoption of the Strategy "Digital Uzbekistan – 2030" in October 2020. Subsequent policy initiatives, including the Strategy for the Development of Artificial Intelligence Technologies until 2030, the expansion of IT Park Uzbekistan, and the introduction of regulatory sandboxes for investment platforms in 2025, have created a substantially new institutional environment for investment activity. These reforms aim not only to increase the volume of investment but also to improve its quality, transparency, and developmental impact.

The central research question of this paper is how digital economy conditions influence the management of investments in Uzbekistan and what priority directions should be pursued to strengthen this relationship. The study contributes to the literature by providing a structured, data-informed analysis of a Central Asian economy that has moved rapidly from a relatively closed system to an increasingly open and digitally oriented investment regime.

2. Literature Review

A growing body of international research examines the links between digitalization and investment efficiency. Huo and Wang (2022) find that the digital economy can either facilitate or, under certain conditions, inhibit business investment efficiency, depending on the institutional context and the maturity of

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digital infrastructure. Digital platforms reduce information asymmetry between investors and project owners, lower transaction costs, and enable more accurate risk pricing. AI-based tools further enhance predictive analytics for returns and risks, while blockchain applications increase transparency and reduce the scope for discretionary interference.

UNCTAD (2025) emphasizes the investment dimension of national digital strategies, arguing that countries that successfully integrate digital tools into investment promotion and facilitation achieve higher-quality foreign direct investment (FDI) and stronger developmental outcomes. OECD analyses of investment policy reforms in Uzbekistan (2025) highlight the need for greater coherence between digital policy and investment promotion frameworks, including clearer prioritization of digital-sector FDI and stronger coordination between relevant agencies.

In the Central Asian context, empirical research on digital investment management remains relatively scarce. Most existing studies focus either on general digital transformation indicators or on sector-specific developments (for example, fintech or e-government). Comparative work on how digital tools affect the efficiency of public and private investment processes is still limited. This paper addresses that gap by offering an integrated analysis of investment volumes, structure, digital-sector performance, and institutional innovations in Uzbekistan over the most recent period for which comprehensive data are available.

The literature also highlights the importance of complementary reforms. Digital infrastructure alone is insufficient; without corresponding improvements in the regulatory environment, investor protection, and the capacity of investment promotion agencies, the potential benefits of digitalization may not fully materialize. Conversely, institutional reforms that are not supported by adequate digital tools risk remaining formal rather than functional. The Uzbek case offers a useful illustration of how these two dimensions—digital and institutional—can be advanced in parallel.

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3. Research Methodology

The study employs a mixed-methods design. Quantitative analysis draws on official statistics published by the State Statistics Committee of the Republic of Uzbekistan, IT Park Uzbekistan reports, and government press materials covering 2024–2026. Key indicators include the volume and financing structure of fixed capital investment, the number of IT Park residents and foreign companies, IT services export volumes, and the share of ICT services in GDP. Qualitative analysis examines policy documents (Digital Uzbekistan 2030, AI Strategy, regulatory sandbox regulations) and institutional developments. Comparative assessment and expert-based prioritization are used to identify the relative importance of different policy directions.

The analysis is primarily descriptive and diagnostic rather than causal. While the available data do not permit rigorous econometric identification of causal effects, the combination of quantitative trends and institutional analysis provides a robust basis for policy-relevant conclusions.

4. Results and Empirical Analysis

4.1. Investment Dynamics and Structure

In the first half of 2025, fixed capital investment in Uzbekistan reached 273.4 trillion soums (approximately USD 21.2 billion), representing a 5.5 percent increase relative to the corresponding period of 2024. More than 90 percent of these investments were financed from non-centralized sources, including private domestic capital and foreign direct investment. This composition marks a clear shift toward a more market-driven investment regime compared with earlier periods in which state and state-guaranteed financing played a larger role.

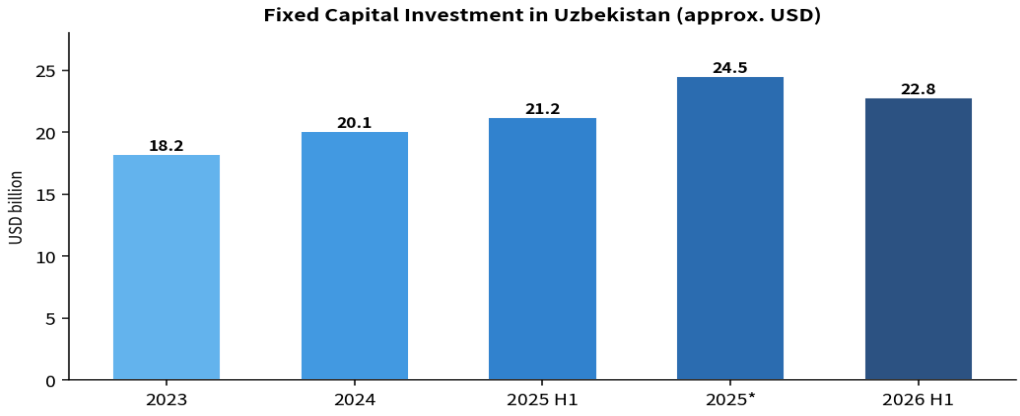

Figure 1. Dynamics of Fixed Capital Investment in Uzbekistan

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Figure 1. Dynamics of Fixed Capital Investment in Uzbekistan (approximate USD billion)

The dominance of non-centralized financing (90.3 percent in 2025 H1) has important implications for investment management. It increases the need for transparent, predictable, and digitally enabled procedures that can attract and retain private and foreign investors. At the same time, it reduces the relative weight of direct budgetary allocation and places greater emphasis on the quality of the investment climate and the efficiency of intermediation mechanisms.

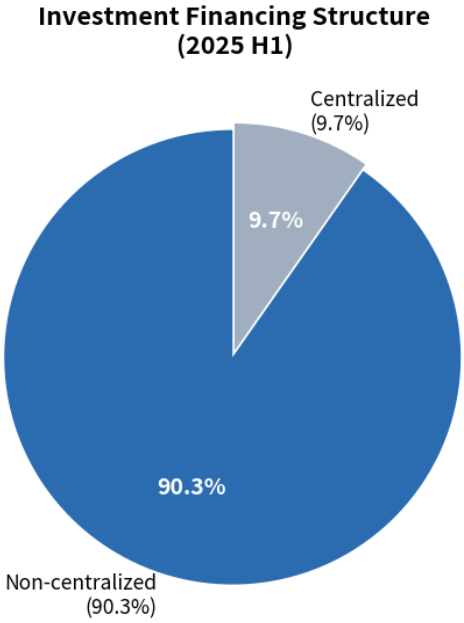

Figure 2. Structure of Fixed Capital Investment

Figure 2. Structure of Fixed Capital Investment by Financing Source (2025 H1)

4.2. Digital Sector Performance

The digital sector has emerged as one of the most dynamic components of the Uzbek economy and a significant contributor to investment attractiveness. As of 2026, IT Park Uzbekistan hosts more than 2,800 resident companies, of which 752 are foreign firms. Exports of telecommunications, computer, and information services reached USD 545.3 million in the first half of 2026, continuing a steep upward trajectory observed since 2022. The share of ICT services in GDP has risen to approximately 2.9 percent.

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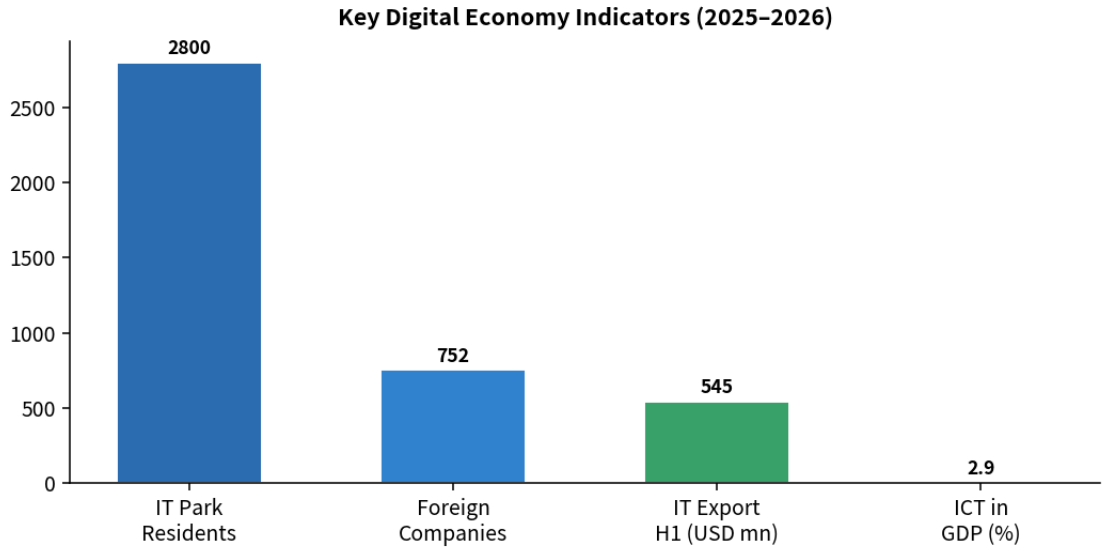

Figure 3. Key Digital Economy Indicators

Figure 3. Key Digital Economy Indicators of Uzbekistan (2025–2026)

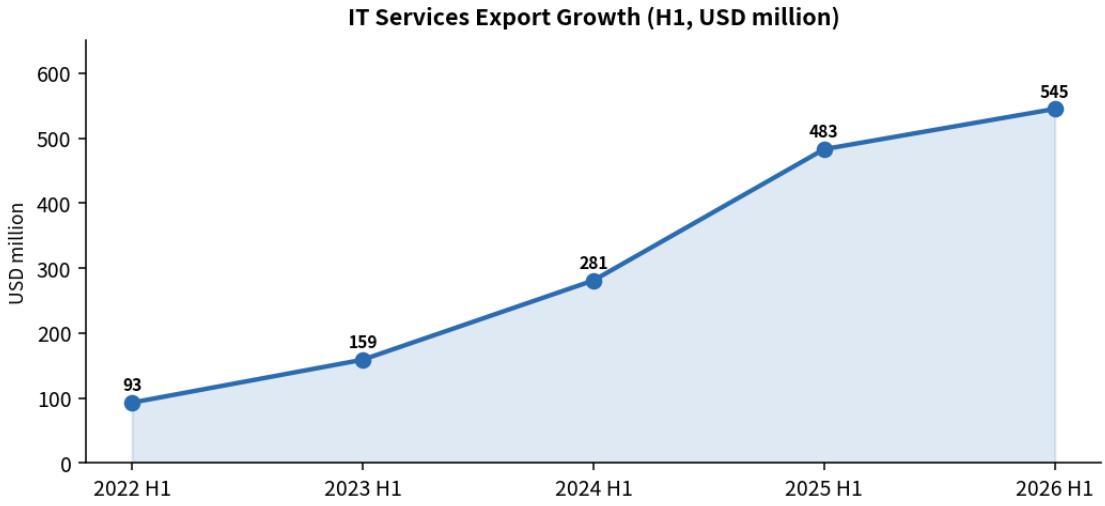

Figure 4. IT Services Export Growth

Figure 4. Growth of IT Services Exports (first-half year, USD million)

These indicators reflect both the rapid maturation of the digital ecosystem and its increasing capacity to generate export revenues and attract foreign capital. The presence of a large number of foreign companies within IT Park also signals growing international confidence in the regulatory and operational environment for digital business in Uzbekistan.

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4.3. Institutional Innovations

Institutional reforms have played a critical supporting role. The introduction of a regulatory sandbox for investment platforms in 2025 has lowered entry barriers for venture capital, equity crowdfunding, and other alternative investment mechanisms. Parallel efforts to expand data-center capacity, develop a national cloud platform, and implement AI projects across public administration and industry further strengthen the digital foundations of investment management. Together, these measures create a more conducive environment for both domestic and foreign investors seeking digitally enabled opportunities.

5. Discussion:

Driving Factors and Remaining Challenges

The empirical evidence points to several interrelated factors that shape investment management under digital economy conditions in Uzbekistan:

- **Digital infrastructure** — the expansion of broadband networks, data centers, and cloud services reduces operational frictions for investors and enables real-time project monitoring and reporting;
- **Institutional framework** — the Digital Uzbekistan 2030 Strategy, the AI Strategy, and regulatory sandboxes provide a clearer and more predictable policy environment;
- **Fintech and digital platforms** — new investment platforms and open-banking initiatives improve access to capital for startups and small and medium-sized enterprises;
- **Human capital** — the growth of the IT workforce and specialized education programs supports the absorption and productive use of digital technologies in investment processes.

Despite these positive developments, important challenges persist. Coordination between digital-policy authorities and investment-promotion agencies remains incomplete, occasionally resulting in fragmented initiatives. The practical application of AI and big-data analytics in formal investment appraisal and monitoring is still limited. Digital skills are unevenly distributed across regions, with advanced competencies concentrated in major urban centers. Furthermore, while regulatory sandboxes have been launched, the broader legal framework

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governing digital investment instruments requires further development to ensure adequate investor protection and market integrity.

A related issue concerns the quality rather than merely the quantity of investment. Digital tools offer the potential to shift attention from aggregate inflows toward higher value-added, technology-intensive, and environmentally sustainable projects. Realizing this potential requires better data systems, clearer prioritization criteria, and stronger analytical capacity within investment-promotion institutions.

6. Priority Directions for Policy

Building on the empirical findings and international experience, the following priority directions are proposed for strengthening investment management in Uzbekistan's digital economy:

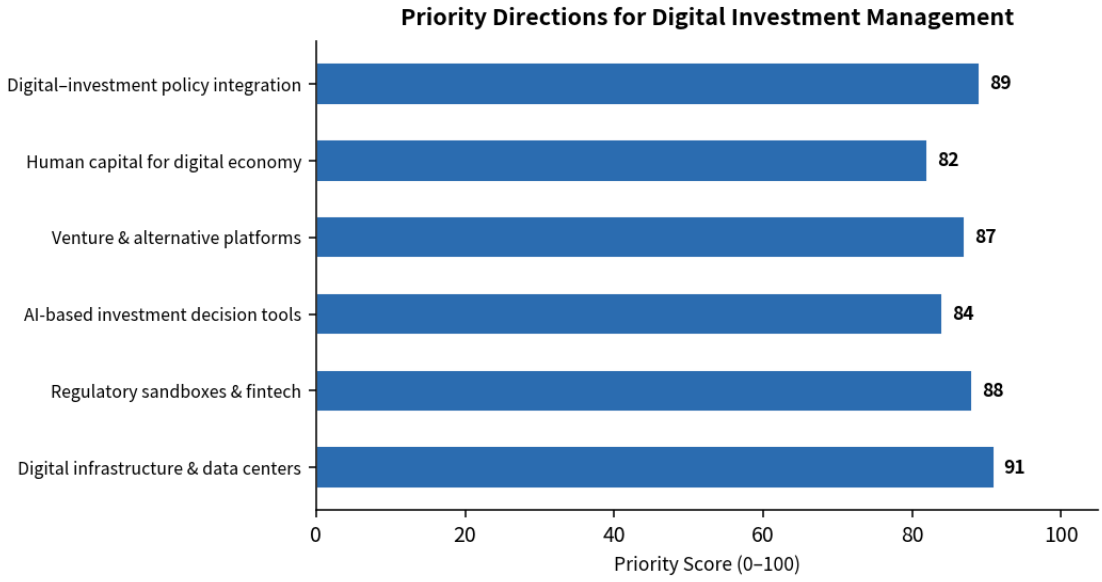

Figure 5. Priority Directions

Figure 5. Priority Directions for Digital Investment Management (Expert Assessment)

First, continued investment in digital infrastructure and data centers is essential to support AI-driven analytics and cloud-based investment platforms. Second, the careful expansion and rigorous evaluation of regulatory sandboxes and fintech ecosystems will facilitate innovative forms of capital raising while

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safeguarding financial stability. Third, stronger strategic integration of digital policy and investment promotion will improve coherence and reduce duplication. Fourth, systematic investment in specialized human capital is required to ensure that digital tools are used effectively. Fifth, the wider application of AI in risk assessment, project selection, and monitoring can substantially raise the quality of investment decisions. Finally, the development of clear metrics for assessing the developmental quality of investments under digital economy conditions would help shift the focus from volume to impact.

6.1. Comparative Perspective and Policy Lessons

When viewed in a comparative perspective, Uzbekistan's experience shares several features with other emerging economies that have pursued rapid digitalization. Like Estonia or certain Southeast Asian economies at earlier stages of their digital transition, Uzbekistan has combined top-down strategic documents with practical instruments such as specialized parks and regulatory sandboxes. The relatively fast growth of IT services exports and the increasing number of foreign companies in the IT Park indicate that the basic enabling conditions for digital investment are taking root.

At the same time, the Uzbek case also illustrates typical constraints faced by middle-income countries: uneven digital readiness across regions, limited depth of domestic venture capital markets, and the need to continuously upgrade regulatory capacity as new digital investment instruments appear. The lesson is that digital investment management is not a one-time reform but a continuous process of institutional learning and adaptation.

From a policy standpoint, three practical lessons emerge. First, digital infrastructure and institutional reforms must advance together; neither is sufficient in isolation. Second, regulatory sandboxes are most useful when accompanied by clear evaluation criteria and a pathway to permanent regulation. Third, investment promotion agencies need stronger analytical capabilities—including the ability to use digital data and AI tools—if they are to shift from volume-oriented targets to quality-oriented investment strategies.

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6.2. Limitations of the Study

This study has several limitations that should be acknowledged. First, the analysis relies primarily on aggregate official statistics and policy documents; micro-level data on firm-level investment decisions and the actual use of digital platforms by investors remain limited. Second, the time span covered (2024–2026) is relatively short for assessing long-term structural effects. Third, while expert-based prioritization provides useful orientation, it does not substitute for rigorous econometric identification of causal impacts. Future research based on firm surveys, platform-level data, and longer time series would help address these limitations.

7. Conclusion

The digital economy is actively reshaping investment management in Uzbekistan. Official data for 2024–2026 confirm robust growth in fixed capital investment and a rapidly expanding digital sector. Institutional reforms, the development of IT Park Uzbekistan, and the introduction of regulatory sandboxes have improved the investment climate and opened new channels for capital mobilization. The rising share of non-centralized financing further indicates a maturing, more market-oriented investment environment.

Nevertheless, the full potential of digital technologies in investment governance remains only partially realized. Gaps in policy coordination, limited application of advanced analytics, and uneven digital skills across regions continue to constrain effectiveness. Closing these gaps will determine whether digitalization translates into higher-quality investment and sustainable long-term growth.

To move forward, Uzbekistan should strengthen the strategic integration of digital and investment policies, carefully scale and evaluate regulatory sandboxes, accelerate the deployment of AI-based decision-support systems, and invest systematically in specialized human capital. Equally important is the development of transparent metrics for assessing the developmental quality of investments. These measures will enable more efficient, transparent, and sustainable investment management and will contribute to the country's long-term competitiveness and resilience in the digital age.

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Future research could usefully examine the micro-level effects of digital platforms on the investment decisions of firms and households, as well as the comparative performance of regulatory sandboxes across sectors. Such studies would further enrich the evidence base for policy design in Uzbekistan and in other emerging digital economies.

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